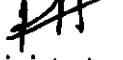


Board of County Commissioners Agenda Request

Date of Meeting: November 30, 2004

Date Submitted: November 24, 2004

To: Honorable Chairman and Members of the Board

From: Parvez Alam, County Administrator 
Vincent Long, Assistant County Administrator

Subject: Status Report on The Targeted Business Pilot Program Including an Update on
Fringe Benefits Management Company's Ad Valorem Tax Reimbursement

Statement of Issue:

This agenda item provides a status report on The Targeted Business Pilot Program (TBPP), and includes an update on the approval of the Fringe Benefits Management Company's ad valorem tax reimbursement.

Background:

On September 26, 2001, the City Commission authorized the implementation of the TBPP to help induce business growth and development of high wage jobs in the community. On November 27, 2001, the Board of County Commissioners unanimously approved jointly participating in the program as described in the agenda item of that date (Attachment #1).

On April 24, 2002, the City Commission approved application by Fringe Benefits Management Company (FBMC), establishing its eligibility to receive a 60% City ad valorem tax reimbursement and a 60% reimbursement of City development fees over a six year period. On April 30, 2002, the County Commission approved FBMC's eligibility to receive a County ad valorem tax reimbursement in an amount equal to the property tax reimbursement offered by the City (estimated at \$9,600 for the first year), also for an inducement period of six years. Both the City's and the County's incentives are subject to the applicant meeting performance requirements (Attachment #2).

Analysis:

The TBPP is intended to attract targeted businesses to Leon County which pay at or above existing area salaries. The incentives offered by the City and County to new and existing (expanding) businesses under this program are in the form of:

- Reimbursement of up to 100% of City or County development fees;
- Reimbursement of up to 100% of ad valorem taxes paid (at the City millage rate) on land, improvements, and tangible personal property for up to 10 years.

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Update on Fringe Benefits Management Company Reimbursement Application

The first TBPP preliminary application was filed by FBMC on March 4, 2002, for the relocation and expansion of its Corporate Headquarters. The company provides financial and insurance services and is therefore qualified under this program as a "targeted industry." Over \$5 million was invested in the construction of a building and the development of its site. Although the FBMC does not own the building, its lease provides that the company is responsible for paying each year's ad valorem taxes and all permit costs. FBMC was therefore eligible to receive the benefits offered by the TBPP.

On September 16, 2002, the City entered into a Reimbursement Agreement with FBMC under the City/County TBPP (Attachment #3). Under the terms of the Agreement, which also sets forth performance objectives to be met in order to receive the County's reimbursement, FBMC must submit annual Reimbursement Applications to the City to verify that it has met the following key performance measures outlined in the Agreement and is therefore eligible for the annual reimbursement:

- Develop its property in a manner that exceeds minimal environmental standards;
- Hire at least 19 new full-time, permanent employees;
- Pay an average salary for the new positions that is at or above the average salary for Leon County;
- Invest over \$5 million in construction and equipment costs associated with the development of the property;
- Purchase at least 25% of its major supplies from local vendors; and
- Continue to demonstrate good corporate citizenship.

TBPP Review Committee

The TBPP Review Committee met on November 3, 2004 to consider the Reimbursement Application submitted by FBMC for 2003 (the first of six eligible years). The TBPP Review Committee approved the Reimbursement Application pending the receipt of additional documentation on the number of jobs created and the average annual salaries of the new jobs. On November 9, 2004, Rick McCraw, Community Redevelopment Coordinator for the City of Tallahassee, received payroll documents from FBMC and confirmed the number of jobs created and average annual salaries. The payroll documents validate the job growth presented in the Reimbursement Application. FBMC did create 22 new positions, three more than required in the agreement with the TBPP. Fourteen of the 22 (63.6%) positions have an annualized average salary of \$33,340, more than 12% higher than the average annual salary of \$29,548 for Leon County residents (Attachment #4).

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Based on the information provided by FBMC, the TBPP Review Committee recommended that FBMC receive its full eligible \$29,632.51 in reimbursement from the City and County as follows:

City Permit Fees:	\$9,835.91
City Ad Valorem Property Taxes:	\$9,898.30
County Ad Valorem Property Taxes:	\$9,898.30
Total:	\$29,632.51

In accordance with prior Board direction, staff is processing the approved reimbursement for 2003 and no further Board action is required at this time. Staff will continue to provide updates on the Targeted Business Pilot Program and Fringe Benefits Management Company.

Options:

1. Accept status report on the Targeted Business Pilot Program and update on the Fringe Benefits Management Company reimbursement.
2. Do not accept status report on the Targeted Business Pilot Program and update on the Fringe Benefits Management Company reimbursement.
3. Board Direction.

Recommendation:

Option #1

Attachments:

1. November 27, 2001 Agenda Item on the County's participation in the TBPP.
2. On April 30, 2002 Agenda Item in consideration of FBMC's TBPP Application.
3. Reimbursement Agreement between the City and FBMC (also applies to the County).
4. Email from Rick McCraw to TBPP along with the FBMC scorecard from its Reimbursement Application.

PA/VL/BP/KM